

**MICHIGAN GAMING CONTROL AND REVENUE ACT (EXCERPT)**  
**Initiated Law 1 of 1996**

**432.206 Casino licenses.**

Sec. 6. (1) The board shall issue a casino license to a person who applies for a license, who pays the nonrefundable application fee required under section 5(5) and a \$25,000.00 license fee for the first year of operation, and who the board determines is eligible and suitable to receive a casino license under this act and the rules promulgated by the board. It is the burden of the applicant to establish by clear and convincing evidence its suitability as to character, reputation, integrity, business probity, experience, and ability, financial ability and responsibility, and other criteria as may be considered appropriate by the board. The criteria considered appropriate by the board shall not be arbitrary, capricious, or contradictory to the expressed provisions of this act. A person is eligible to apply for a casino license if all of the following criteria are met:

(a) The applicant proposes to locate the casino in a city where the local legislative body enacted an ordinance approving casino gaming that may include local ordinances governing casino operations, occupational licensees and suppliers which are consistent with this act and rules promulgated by the board.

(b) The applicant entered into a certified development agreement with the city where the local legislative body enacted an ordinance approving casino gaming.

(c) The applicant or its affiliates or affiliated companies has a history of, or a bona fide plan for, either investment or community involvement in the city where the casino will be located.

(2) A city shall not certify or submit and have pending before the board more than 3 certified development agreements. If an applicant is denied a casino license by the board, the city may then certify a development agreement with another applicant and submit the certified development agreement to the board. Nothing in this act shall be construed to prevent the city from entering into more than 3 development agreements.

(3) No more than three (3) licenses shall be issued by the board in any city. A license shall not be issued for a casino to be located on land held in trust by the United States for a federally recognized Indian tribe. In evaluating the eligibility and suitability of all applicants under the standards provided in this act, the board shall establish and apply the standards to all applicants in a consistent and uniform manner. In the event that more than three (3) applicants meet the standards for eligibility and suitability provided for in subsections (4) and (5), licenses shall first be issued to those eligible and suitable applicants which submitted any casino gaming proposal for voter approval prior to January 1, 1995, in the city in which the casino will be located and the voters approved the proposal.

(4) An applicant is ineligible to receive a casino license if any of the following circumstances exist:

(a) The applicant has been convicted of a felony under the laws of this state, any other state, or the United States.

(b) The applicant has been convicted of a misdemeanor involving gambling, theft, dishonesty, or fraud in any state or a local ordinance in any state involving gambling, dishonesty, theft, or fraud that substantially corresponds to a misdemeanor in that state.

(c) The applicant has submitted an application for a license under this act that contains false information.

(d) The applicant is a member of the board.

(e) The applicant fails to demonstrate the applicant's ability to maintain adequate liability and casualty insurance for its proposed casino.

(f) The applicant holds an elective office of a governmental unit of this state, another state, or the federal government, or is a member of or employed by a gaming regulatory body of a governmental unit in this state, another state, or the federal government, or is employed by a governmental unit of this state. This section does not apply to an elected officer of or employee of a federally recognized Indian tribe or to an elected precinct delegate.

(g) The applicant or affiliate owns more than a 10% ownership interest in any entity holding a casino license issued under this act.

(h) The board concludes that the applicant lacks the requisite suitability as to integrity, moral character, and reputation; personal and business probity; financial ability and experience; responsibility; or means to develop, construct, operate, or maintain the casino proposed in the certified development agreement.

(i) The applicant fails to meet other criteria considered appropriate by the board. The criteria considered appropriate by the board shall not be arbitrary, capricious, or contradictory to the expressed provisions of this act.

(5) In determining whether to grant a casino license to an applicant, the board shall also consider all of the following:

(a) The integrity, moral character, and reputation; personal and business probity; financial ability and experience; and responsibility of the applicant and of any other person or means to develop, construct,

operate, or maintain a casino that either:

- (i) Controls, directly or indirectly, the applicant.
  - (ii) Is controlled, directly or indirectly, by the applicant or by a person who controls, directly or indirectly, the applicant.
  - (b) The prospective total revenue to be derived by the state from the conduct of casino gambling.
  - (c) The financial ability of the applicant to purchase and maintain adequate liability and casualty insurance and to provide an adequate surety bond.
  - (d) The sources and total amount of the applicant's capitalization to develop, construct, maintain, and operate the proposed casino.
  - (e) Whether the applicant has adequate capitalization to develop, construct, maintain, and operate for the duration of a license the proposed casino in accordance with the requirements of this act and rules promulgated by the board and to responsibly pay off its secured and unsecured debts in accordance with its financing agreement and other contractual obligations.
  - (f) The extent and adequacy of any compulsive gambling programs that the applicant will adopt and implement if licensed.
  - (g) The past and present compliance of the applicant and its affiliates or affiliated companies with casino or casino-related licensing requirements, casino-related agreements, or compacts with the state of Michigan or any other jurisdiction.
  - (h) Whether the applicant has been indicted, charged, arrested, convicted, pleaded guilty or nolo contendere, forfeited bail concerning, or had expunged any criminal offense under the laws of any jurisdiction, either felony or misdemeanor, not including traffic violations, regardless of whether the offense has been expunged, pardoned, or reversed on appeal or otherwise.
  - (i) Whether the applicant has filed, or had filed against it, a proceeding for bankruptcy or has ever been involved in any formal process to adjust, defer, suspend, or otherwise work out the payment of any debt.
  - (j) Whether the applicant has been served with a complaint or other notice filed with any public body regarding a payment of any tax required under federal, state, or local law that has been delinquent for 1 or more years.
  - (k) The applicant has a history of noncompliance with the casino licensing requirements of any jurisdiction.
  - (l) The applicant has a history of noncompliance with any regulatory requirements in this state or any other jurisdiction.
  - (m) Whether at the time of application the applicant is a defendant in litigation involving its business practices.
  - (n) Whether awarding a license to an applicant would undermine the public's confidence in the Michigan gaming industry.
  - (o) Whether the applicant meets other standards for the issuance of a casino license which the board may promulgate by rule. The rules promulgated under this subdivision shall not be arbitrary, capricious, or contradictory to the expressed provisions of this act.
- (6) Each applicant shall submit with its application, on forms provided by the board, a photograph and 2 sets of fingerprints for each person having a greater than 1% direct or indirect pecuniary interest in the casino, and each person who is an officer, director, or managerial employee of the applicant.
- (7) The board shall review all applications for casino licenses and shall inform each applicant of the board's decision. Prior to rendering its decision, the board shall provide a public investigative hearing at which the applicant for a license shall have the opportunity to present testimony and evidence to establish its suitability for a casino license. Other testimony and evidence may be presented at the hearing, but the board's decision shall be based on the whole record before the board and is not limited to testimony and evidence submitted at the public investigative hearing.
- (8) A license shall be issued for a 1-year period. All licenses are renewable annually upon payment of the license fee and upon the transmittal to the board of an annual report to include information required under rules promulgated by the board.
- (9) All applicants and licensees shall consent to inspections, searches, and seizures and the providing of handwriting exemplar, fingerprints, photographs, and information as authorized in this act and in rules promulgated by the board.
- (10) Applicants and licensees shall be under a continuing duty to provide information requested by the board and to cooperate in any investigation, inquiry, or hearing conducted by the board.
- (11) Failure to provide information requested by the board to assist in any investigation, inquiry, or hearing of the board, or failure to comply with this act or rules promulgated by the board, may result in denial, suspension, or, upon reasonable notice, revocation of a license.

**History:** 1996, Initiated Law 1, Eff. Dec. 5, 1996;—Am. 1997, Act 69, Imd. Eff. July 17, 1997.

**Popular name:** Proposal E